

Edwin J. Shimizu
Director
Federal Regulatory Affairs



Verizon Communications

1300 I Street, NW • Suite 400W
Washington, DC 20005

Phone 202-515-2536
Fax 202-336-7858
edwin.shimizu@verizon.com

December 8, 2004

Ex Parte

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW – Portals
Washington, DC 20554

**Re: Unbundled Access to Network Elements, WC Docket No. 04-313;
Review of Section 251 Unbundling Obligations for Incumbent Local
Exchange Carriers, CC Docket No. 01-338**

Dear Ms. Dortch:

To the extent the Commission imposes a continuing obligation for unbundled high-capacity loops in some areas, that obligation should be limited in number to encourage facilities-based competition. Specifically, for a particular building, once a CLEC reaches six DS1 loops, it should be required to build its own facilities, use another carrier's facilities, or purchase special access. This level is just below the point at which deployment of facilities is economic.

To test this level, Verizon did a comparison to see the cross-over of the cost of a DS1 unbundled loop with a DS3 unbundled loop (using the DS3 as the proxy for the cost of an efficient competitor to deploy a DS3 loop). In Verizon's serving area, this threshold is reached, on average and at the median, once CLECs obtain 8 DS1 UNE loops, though in some areas it occurs in as few as two DS1 loops.

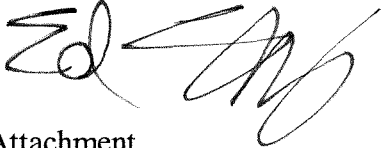
Verizon reached this determination first by dividing the UNE DS1 price for each density zone for each state in Verizon's serving territory by the corresponding UNE DS3 price for the same density zone for that state. This calculation yielded for each density zone within a state, the quantity of UNE DS1s equal to the cost of a UNE DS3 loop. Verizon then calculated the arithmetic average of all of those density zone values as well as the median (midpoint).

Data supporting this analysis is attached.

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Please include this notice in the record of these proceedings.

Sincerely,

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Attachment

c: Jeff Carlisle
Michelle Carey
Tom Navin
Pam Arluk
Gail Cohen
Ian Dillner

Russ Hanser
Marcus Maher
Jeremy Miller
Carol Simpson
Tim Stelzig

UNE DS1 to DS3 Cutover Points by State - Verizon						
Jurisdiction	Density Cell 1	Density Cell 2	Density Cell 3	Density Cell 4	Density Cell 5	Density Cell 6
AZ	16.1215	-	-	-	-	-
CA	13.7365	13.7365	-	-	-	-
DC	8.1666	-	-	-	-	-
DE	4.8229	4.4714	4.2659	-	-	-
FL	8.4506	8.4506	8.4506	-	-	-
HI	8.2037	8.2037	8.2037	8.2037	8.2037	8.2037
ID	1.9985	1.9985	1.9985	-	-	-
IL	10.7708	10.7708	10.7708	-	-	-
IN	7.5865	7.5865	7.5865	-	-	-
MA	14.0096	10.3611	9.0958	5.8349	-	-
MD	11.3783	11.1846	8.6562	9.6553	-	-
ME	7.1222	5.8299	3.6251	-	-	-
MI	7.9883	7.9883	7.9883	-	-	-
NC	9.3412	9.3412	9.3412	-	-	-
NH	5.0895	5.1356	2.7912	-	-	-
NJ	10.9221	10.5850	9.8342	-	-	-
NV	15.3114	15.3114	15.3114	-	-	-
NY	9.6690	8.1661	8.1661	6.1964	-	-
OH	4.9770	4.9770	4.9770	-	-	-
OR	4.1596	4.1596	4.1596	-	-	-
PA-East	17.4920	12.6865	11.6625	9.0313	-	-
PA-West	-	-	9.9995	9.9995	-	-
RI	4.5975	3.5830	4.1522	-	-	-
SC	12.1127	12.1127	12.1127	-	-	-
TX	10.6219	10.6219	10.6219	-	-	-
VA -East	10.6785	8.2894	6.5153	-	-	-
VA-West	5.8601	5.8601	5.8601	-	-	-
VT	13.1498	9.6390	2.3610	-	-	-
WA	10.7139	9.5441	8.1562	7.6298	3.0735	-
WI	6.5597	6.5597	6.5597	-	-	-
WV	11.6250	9.1498	8.2214	7.0804	-	-
			Mean	Median		
		Verizon Total	8.3928	8.2037		